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STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS, AND MINING  
1588 West North Temple  
Salt Lake City, Utah 84116  
(801) 533-5771

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November 30, 1978

Mr. Jerry Glazier, President  
5-M, Incorporated  
P.O. Box 752  
Hurricane, Utah 84737

Re: Reclamation Surety  
Silver Reef Mine  
ACT/053/002

Dear Jerry,

As you know the approval of this operation was affirmed at the hearing held Wednesday on Cause No. ACT/053/002. The Division is now proceeding with the approval process for this mine. The final step in this process is 5-M posting a surety to cover the reclamation cost.

The information which you submitted with your letter of September 12, 1978 is helpful to us, in that it clearly delineates the area which you propose to mine and have covered in the surety.

Please be advised that once a reclamation surety for the 60 acres discribed on the map submitted with your letter of September 12, 1978 is posted, that your operation will be limited to this area.

I had hoped that with your communication of September 12, your own estimate on the amount of surety would be included. Because of the uncertainty on the amount, the following surety amount is proposed to you for your concurrence. Due to the complexity of the operation and its widespread areal configuration, a definitive surety is difficult to determine. However, certain reference material of the Division indicates that reclamation costs for surface mining in this area will amount to \$1,125.00 per acre. Using a 30 year life for this mine at an inflation rate of 5%, the amount of surety per acre would amount to \$4,862.00. For 60 acres the surety over the 30 year period amounts to \$291,720.00.



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An alternative to posting this total amount immediately is the forming of a Joint Ownership Time Certificate at a bank with the State and 5-M as co-owners in the amount of \$67,500.00 with a guaranteed interest rate of 5% per year.

At this point, the surety just presented to you is a proposal. If this proposal is satisfactory to you please let us know. The Board will be consulted at its December 20, meeting as to its adequacy.

If you have an alternative proposal we would be glad to discuss it with you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ron Daniels".

RONALD W. DANIELS  
COORDINATOR OF MINED  
LAND DEVELOPMENT

RWD/sp